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ABSTRACT

Trends from the past decade and predictions through 1980 on total television penetration (percent of American households with television), number of sets per household, color television penetration, and cable television penetration lead to a number of tentative predictions. First, advertisers must expect that network station audiences and average station audiences will become smaller, and thus it will become more and more difficult to achieve exposure with large segments of the population. Secondly, and most importantly, local stations and cable television networks will become more important than the current national television network. (Author/RH)

# THE GROWTH OF TELEVISION

# IN

# THE UNITED STATES

# (1960 to 1980)



Needham, Harper & Steers Advertising, Inc.
Media Research, New York
February, 1973

## INTRODUCTION

The growth pattern of television in the United States has demonstrated a remarkable vitality which should continue throughout the decade. Historic trends in reported viewing suggest a continued interest in TV fare which has not been adversely affected by the constant influx of new young viewers, or the criticism of adults reared on Howdy Doody and exposed to 25 years of programming and a billion feet of film and tape.

Extensive treatises have been written about the emotional, social and technical changes wrought by this device; and while we are aware of the ultimate need to direct this energy in a beneficial manner, this forecast will deal only with the audience, research and programming implications of the projections.

The multiplicity of change and the specific nature of this change are, of course, difficult to project. However, what is vital to consider is that these exhibits do not simply reflect projections of physical facilities or universe estimates. Each of these exhibits serves as a guide to the requirements for effective communication via television during the next decade. We are confident that changes will occur in the TV medium which we should anticipate, and react to accordingly.

With the firm understanding that we have no corner on the crystal ball market, we feel that logical extensions of the exhibit data suggest the following:

1. Advertisers will have to adopt a new approach to reaching the consumer.
2. It will become increasingly more difficult to achieve exposure with large segments of the population.
3. Out-of-home viewing will increase significantly by 1980.
4. Average station audiences will be smaller.
5. Network station audiences will decline.
6. A CATV network will emerge between 1975 and 1980.
7. Local stations will achieve audience dominance between 1980-1990.
8. CATV will become the dominant TV industry of the 1980's.

Following are our estimates of television growth patterns and more specific commentary on the possible effect these developments will have on the structure of the programming format and the size and composition of the TV audience.

DISCUSSION - EXHIBIT I

## THE DEVELOPMENT OF TELEVISION HOUSEHOLDS AND PENETRATION

The data in Exhibit I depicts the continued growth of households, TV homes and penetration for the remainder of this decade.

The much-publicized recent trend of minimal population growth will not immediately affect the swelling of new family units as the large teen population begins to flow into the young adult and head-of-house demography during the next seven years.

Projections of TV penetration (99.1% by 1980) are basically academic as television has already achieved virtual saturation (96.4%).

Barring a change in the whims of nature or a "remove the tube" social movement in the late 70's, TV homes will continue to increase in size and percent penetration and accumulate to nearly 79 million by 1980.

# THE DEVELOPMENT OF TELEVISION HOUSEHOLDS AND PENETRATION IN THE UNITED STATES

## (1960 to 1980)

| | U.S. TV Households | | |
|---|---|---|---|
| YEAR - Jan. 1 | Total (MM) | TV (MM) | TV Penetration (%) |
| 1960 | 52.0 | 45.2 | 86.9 |
| 1961 | 53.1 | 46.9 | 88.3 |
| 1962 | 54.3 | 49.0 | 90.3 |
| 1963 | 54.9 | 49.8 | 90.8 |
| 1964 | 55.7 | 51.3 | 92.1 |
| 1965 | 56.5 | 52.6 | 93.1 |
| 1966 | 57.3 | 53.8 | 94.0 |
| 1967 | 58.2 | 54.9 | 94.3 |
| 1968 | 59.3 | 56.0 | 94.4 |
| 1969 | 60.1 | 57.0 | 94.8 |
| 1970 | 61.4 | 58.5 | 95.3 |
| 1971 | 62.9 | 60.1 | 95.5 |
| 1972 | 64.9 | 62.1 | 95.7 |
| 1973 | 67.2 | 64.8 | 96.4 |
| 1974 | 69.0* | 66.9* | 97.0* |
| 1975 | 70.8* | 68.9* | 97.3* |
| 1976 | 72.5* | 70.8* | 97.7* |
| 1977 | 74.2* | 72.8* | 98.1* |
| 1978 | 75.8* | 74.7* | 98.5* |
| 1979 | 77.6* | 76.7* | 98.8* |
| 1980 | 79.4* | 78.7* | 99.1* |

SOURCE: NH&S Estimates, Nielsen Television Index.

* = Estimated

## THE DEVELOPMENT OF TELEVISION SET OWNERSHIP

By 1980, there will be more than 150 million operational TV receivers which will average nearly two sets per TV home. The continued increase in sets-per-home (1.18 in 1960) is a result of obvious public interest, general availability of color, declining costs of receivers and the recent technical innovations which make portability and viewing mobility a certainty in the next few years.

The implications of increased sets-per-home coupled with mini-receiver capabilities are clearly larger than the mere determination of the production and sale of TV sets and the probable number of receivers which will be replaced in each year.

A mobile TV audience with access to an average of two sets is the beginning of truly segmented, fragmented, personal preference viewing. All of the potential elements required to service selective viewing are currently in operation and moving forward. The number of television stations, independent broadcasters and multi-channel CATV operations continue to grow in perspective and stature.

The age of broad-based dual audience programming will eventually come to an end and new concepts need to be introduced now. Stations offering continuity programming will develop self-sustaining identities and generate appeal among very selective audience cells. Station programming will not depend on specific hit-or-miss entries but will rely on a collage of limited-appeal offerings across broad daypart segments. Audiences will be smaller and advertiser access to the majority of viewers will require the extensive adding of additional stations.

While some of this discussion is pure conjecture in 1973, the emerging independent viewing will be a certainty by 1980.

## THE DEVELOPMENT OF TELEVISION SET OWNERSHIP IN THE UNITED STATES

**(1960 to 1980)**

| YEAR - Jan 1 | U.S. TV Households (MM) | Television Receivers Total (MM) | Television Receivers Sets Per TV Household |
|---|---|---|---|
| 1960 | 45.2 | 53.3 | 1.18 |
| 1961 | 46.9 | 55.6 | 1.19 |
| 1962 | 49.0 | 58.2 | 1.19 |
| 1963 | 49.8 | 61.2 | 1.23 |
| 1964 | 51.3 | 64.2 | 1.25 |
| 1965 | 52.6 | 67.2 | 1.28 |
| 1966 | 53.8 | 70.6 | 1.31 |
| 1967 | 54.9 | 74.8 | 1.36 |
| 1968 | 56.0 | 79.0 | 1.41 |
| 1969 | 57.0 | 83.6 | 1.47 |
| 1970 | 58.5 | 88.3 | 1.51 |
| 1971 | 60.1 | 92.7 | 1.54 |
| 1972 | 62.1 | 98.6 | 1.59 |
| 1973 | 64.8 | 105.3* | 1.63* |
| 1974 | 66.9* | 111.4* | 1.67* |
| 1975 | 68.9* | 117.7* | 1.71* |
| 1976 | 70.8* | 123.9* | 1.75* |
| 1977 | 72.8* | 130.9* | 1.80* |
| 1978 | 74.7* | 137.4* | 1.84* |
| 1979 | 76.7* | 144.2* | 1.88* |
| 1980 | 78.7* | 151.1* | 1.92* |

SOURCE: NH&S Estimates, Nielsen Television Index, TV Factbook.
* = Estimated.

DISCUSSION-EXHIBIT III

## THE GROWTH OF COLOR TELEVISION

The growth of color television in the late 60's was impeded by the inability of manufacturers to produce the expected volume of sets, by the recurring high cost of receivers and by periodic economic recessions.

However, productive capability is now firmly established and substantial price reductions suggest that color TV penetration will move quickly from its current base of 55.4% to over 92% by 1980.

Stations, programming producers and advertisers are well aware of the impact of color as virtually all production and broadcasting is in color. Generally only old movies, earlier network reruns and some local ads remain as the black and white anachronism. Perhaps by 1980 some dramas and highly innovative creative commercials will take advantage of the stark nature and contrast of black and white to obtain the increased visibility and awareness achieved by color in the early 1960's.

EXHIBIT III

# THE GROWTH OF COLOR TELEVISION IN THE UNITED STATES

## (1960 to 1980)

| YEAR - Jan. 1 | U.S. TV Households Total TV (MM) | Color TV (MM) | Color Television Household Penetration (% TV Homes) |
|---|---|---|---|
| 1960 | 45.2 | .4 | .9 |
| 1961 | 46.9 | .5 | 1.1 |
| 1962 | 49.0 | .7 | 1.4 |
| 1963 | 49.8 | 1.0 | 2.0 |
| 1964 | 51.3 | 1.6 | 3.1 |
| 1965 | 52.6 | 2.7 | 5.1 |
| 1966 | 53.8 | 5.0 | 9.3 |
| 1967 | 54.9 | 9.5 | 17.3 |
| 1968 | 56.0 | 13.4 | 23.9 |
| 1969 | 57.0 | 18.4 | 32.3 |
| 1970 | 58.5 | 22.0 | 37.6 |
| 1971 | 60.1 | 24.7 | 41.1 |
| 1972 | 62.1 | 30.2 | 48.6 |
| 1973 | 64.8 | 35.9 | 55.4 |
| 1974 | 66.9* | 41.6* | 62.2* |
| 1975 | 68.9* | 47.0* | 68.2* |
| 1976 | 70.8* | 52.3* | 73.9* |
| 1977 | 72.8* | 57.6* | 79.1* |
| 1978 | 74.7* | 63.0* | 84.3* |
| 1979 | 76.7* | 68.5* | 89.3* |
| 1980 | 78.7* | 72.6* | 92.2* |

SOURCE: NH&S Estimates, Nielsen Television Index.

* = Estimated

DISCUSSION-EXHIBIT IV

## THE DEVELOPMENT OF MULTI-SET HOUSEHOLDS

By 1980 multi-set TV households will total over 49 million with a penetration level of nearly 63%. This represents a dynamic growth estimate of more than double the multi-set homes indicated for 1972.

The data in Exhibit IV, when keyed to the projections of total TV receivers (151.1 million in 1980) reviewed in Exhibit II, suggests the demise of conventional research methods currently employed to ascertain the size and shape of the viewing audience.

The 1980 combination of nearly two sets per home, a significantly increased total number of TV stations, a multi-set penetration level where 30% of the homes will have three or more sets will create situations where:

1. Average station audiences will be smaller as the number of stations increases and selective programming becomes a reality.
2. Meters affixed to TV sets will not meet the needs of measuring portable, mobile and selective audience viewing.

3. Determinati[illegible] s using television (HUT) will be of no int[illegible] s[illegible]ate viewing by household members utilizing different receivers will become standard. The measurement of people using television (PUT) will become the primary norm for evaluating programming standards and alternatives.

4. Out-of-home viewing will develop some significant size and the determination that a family is not at home will not be sufficient grounds to assume that this indicates no viewing.

5. Substantially larger samples will be required to approximate viewing to stations, dayparts and individual programs.

6. New methods of ascertaining specific levels of people using television will be required to measure the average and total audience to a program broadcast on more than one station in two or more dayparts on the same day. The insatiable demand for programming will create situations where shows will be rerun faster and more often. Additionally, these programs will be carried by more than one station in different dayparts and will be sponsored by one advertiser.

EXHIBIT IV

# THE DEVELOPMENT OF MULTI-SET HOUSEHOLDS IN THE UNITED STATES

## (1960 to 1980)

| YEAR - Jan. 1 | U.S. TV Households Total TV (MM) | U.S. TV Households Multi-Set (MM) | Multi-Set Household Penetration (% TV Homes) |
|---|---|---|---|
| 1960 | 45.2 | 5.5 | 12.2 |
| 1961 | 46.9 | 6.2 | 13.2 |
| 1962 | 49.0 | 6.9 | 14.1 |
| 1963 | 49.8 | 7.9 | 15.9 |
| 1964 | 51.3 | 9.1 | 17.7 |
| 1965 | 52.6 | 10.2 | 19.4 |
| 1966 | 53.8 | 11.9 | 22.1 |
| 1967 | 54.9 | 13.9 | 25.3 |
| 1968 | 56.0 | 16.0 | 28.6 |
| 1969 | 57.0 | 18.0 | 31.6 |
| 1970 | 58.5 | 19.8 | 33.8 |
| 1971 | 60.1 | 22.0 | 36.6 |
| 1972 | 62.1 | 24.3 | 39.1 |
| 1973 | 64.8 | 27.0* | 41.7* |
| 1974 | 66.9* | 29.7* | 44.4* |
| 1975 | 68.9* | 32.5* | 47.2* |
| 1976 | 70.8* | 35.9* | 50.7* |
| 1977 | 72.8* | 39.0* | 53.6* |
| 1978 | 74.7* | 42.4* | 56.8* |
| 1979 | 76.7* | 45.8* | 59.7* |
| 1980 | 78.7* | 49.4* | 62.8* |

SOURCE: NH&S Estimates, Nielsen Television Index, TvB.

* = Estimated

DISCUSSION - EXHIBIT V

## THE GROWTH OF CATV HOUSEHOLDS

CATV, born in the hillsides of Oregon and Pennsylvania in 1949, is the awesome, emerging giant of the TV industry.

For some twenty years the CATV systems were content to function as virtual parasites whose sole raison d'etre depended on their ability to extend areas of reception and to offer imported signals which broadened the access to other selected geographic viewing areas. As this relative infant continues to grow in size and depth, the entire scope of the TV industry will change.

CATV households totaled 6 million and represented nearly 10% of the TV homes in 1972. Penetration has developed at a modest pace due to the uncertainty of the status of the industry, questions of potential programming requirements, possible royalty payments and the huge capital and physical/technical resources required to originate a CATV system.

By 1980 we project a base of nearly 24 million CATV homes representing 30.4% of all TV households. CATV homes will quadruple the 1972 base of 6 million and will ultimately dominate the entire structure of program origination and signal carrier systems.

The looming shadow of CATV dominance will stretch well beyond the 1970's and into the late 1980's, but the stage is set today for predicting change.

1. 1980 many geographic areas will have the capacity to receive twenty to thirty channels simultaneously. CATV installations with forty channel capabilities and increased numbers of UHF stations will combine to offer extreme multiple-choice opportunities for viewers.
2. Cablecasting on a multi-channel basis will initially develop between 5pm-8pm and the late night/early morning dayparts. It will be difficult, initially, for low budget cable operations to successfully compete for the prime time audience. Therefore, the thrust of their audience drive will aim at the smaller viewer level dayparts where network competition is slight or non-existent.
3. Between 1975 and 1980 a satellite CATV network will emerge offering national/regional coverage of system areas. This network will introduce two to eight new channels offering programming on a twenty-four hour basis.

4. Between 1980 and 1985 current network shares will total less than 50% of the TV audience. The significant increase of TV stations and cable-originated programming will slowly erode the network TV audience. Faced with increased competition, it will be difficult for the network structure to maintain its present share of 85 to 90% of the available audience.
5. Independent local stations will achieve audience dominance between 1980-1990. While it is currently quite rare to have an independent station achieve audiences larger than a local affiliated station, this pattern will emerge as in the case of local radio today.
6. Existing networks will revert to basic carrier systems with little control over the actual production of programming. (Actually, the government already seems to be in the process of expediting this matter.)
7. The installation and application of two-way CATV response systems will emerge as an instant measure of the effectiveness and communications value of current offers, alternate commercial approaches and potential program vehicles. A two-way CATV system will permit the viewer to respond to specific offers immediately by

pressing a button and placing an order. Testing of commercial or program schedule alternatives can be handled with sample viewers of selected CATV systems.

Basically, it is necessary to restrain the discussion and estimate of projections as the technical innovations introduced into society are often input into systems without our understanding or controlling the effect of these devices. However, it is essential to be continually aware of current trends and the implications of the future as we need to be prepared to effectively communicate in the world of tomorrow.

EXHIBIT V

## THE GROWTH OF CATV HOUSEHOLDS IN THE UNITED STATES

(1960 to 1980)

| YEAR - Jan. 1 | U.S. TV Households Total TV (MM) | U.S. TV Households CATV (MM) | CATV Household Penetration (% TV Homes) |
|---|---|---|---|
| 1960 | 45.2 | .65 | 1.4 |
| 1961 | 46.9 | .73 | 1.6 |
| 1962 | 49.0 | .85 | 1.7 |
| 1963 | 49.8 | .95 | 1.9 |
| 1964 | 51.3 | 1.09 | 2.1 |
| 1965 | 52.6 | 1.28 | 2.4 |
| 1966 | 53.8 | 1.58 | 2.9 |
| 1967 | 54.9 | 2.10 | 3.8 |
| 1968 | 56.0 | 2.80 | 5.0 |
| 1969 | 57.0 | 3.60 | 6.3 |
| 1970 | 58.5 | 4.50 | 7.7 |
| 1971 | 60.1 | 5.30 | 8.8 |
| 1972 | 62.1 | 6.00 | 9.7 |
| 1973 | 64.8 | 7.10* | 11.0* |
| 1974 | 66.9* | 8.50* | 12.7* |
| 1975 | 68.9* | 10.50* | 15.2* |
| 1976 | 70.8* | 12.50* | 17.7* |
| 1977 | 72.8* | 14.50* | 19.9* |
| 1978 | 74.7* | 17.20* | 23.0* |
| 1979 | 76.7* | 20.40* | 26.6* |
| 1980 | 78.7* | 23.90* | 30.4* |

SOURCE: NH&S Estimates, Nielsen Television Index, TV Factbook.

* = Estimated